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PAGE 01 PARIS 17472 01 OF 04 141848Z
ACTION EUR-12

INFO OCT-01 AF-10 AGR-01 AID-05 CEA-01 CIAE-00 COME-00
EB-07 EA-07 FRB-03 INR-07 IO-13 NEA-10 NSAE-00
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LIMITED OFFICIAL USE SECTION 01 OF 04 PARIS 17472

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E.O. 11652: N/A
SUBJECT: ZAIRE CONSULTATIVE GROUP MEETING,
JUNE 8-10, 1977

1. SUMMARY: THIRD CG MEETING ON ZAIRE TOOK PLACE AT
IBRD'S EUROPEAN HEADQUARTERS JUNE 8-10, 1977, FOUR YEARS
AFTER SECOND CG MEETING IN 1973. ZAIRE DELEGATION IM-
PRESSED DONOR REPS WITH ITS COMPETENCE, RECOGNITION OF
GOZ'S RESPONSIBILITY FOR CURRENT DIFFICULTIES, AND COM-
MITMENT TO REFORM AND REORIENTATION OF ECONOMY. MIN
BOFOSSA IN PUBLIC AND PRIVATE SESSIONS WAS FORTHRIGHT IN
STATING THAT GOZ ADOPTING "NEW ATTITUDE" WITH GREATER
ATTENTION TO NEEDS OF RURAL POPULATION, DIVERSIFICATION
OF PRODUCTION BASE AND IMPROVED MANAGEMENT OF ECONOMY.
ANALYSES BY BANK/IMF DRAMATIZED MAJOR REQUIREMENT THAT
ADDITIONAL EXTERNAL RESOURCES NECESSARY IN SHORT RUN IF
STABILIZATION/REORIENTATION PROGRAM TO BE SUCCESSFUL.

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PAGE 02 PARIS 17472 01 OF 04 141848Z

U.S. PROPOSAL FOR SUB-CG GROUP FOCUSSED ON AGRICULTURE
WELL RECEIVED BY GOZ AND OTHER DELEGATIONS. SEVERAL
MAJOR DELEGATIONS' STATEMENTS SUGGESTED THAT INCREASED
ASSISTANCE APPEARS TO BE FORTHCOMING. END SUMMARY.

2. GOZ DELEGATION HEADED BY MINISTER OF STATE FOR FIN-
ANCE BOFOSSA. ZAIRE DELEGATION NUMBERED SEVENTEEN (17)

WHICH COULD PERHAPS BE INTERPRETED AS INDICATION OF IMPORTANCE ZAIRE ATTACHED TO CG MEETING. TWO DONOR DELEGATIONS PRESENT FIRST TIME WERE UNITED ARAB EMIRATES AND LIBYA. SAUDIA ARABIA HAD AGREED TO ATTEND BUT WAS NOT PRESENT.

3. GENERAL SESSION DISCUSSIONS: IBRD REVIEWED EVENTS WHICH GENERATED CURRENT CRISIS. BANK PRESENTATION FOLLOWED BY SHORTER IMF STATEMENT IN SAME VEIN; WAS WELL DOCUMENTED AND CANDID INCLUDING POINTED RECOUNTING AS APPROPRIATE OF GOZ SHORTCOMINGS, INADEQUACIES AND FAILURES IN PAST PERFORMANCE.

4. PRINCIPAL ISSUES RAISED BY BANK WERE THOSE OUTLINED IN ITS EARLIER PREPARATORY MATERIAL, I.E., ZAIRE'S TERMS OF TRADE, AGRICULTURAL DETERIORATION, EXCESSIVE RECOURSE TO DEFICIT FINANCING AND EXTERNAL BORROWING, AND INADEQUATE ATTENTION TO INVESTMENT PRIORITIES. GOZ WAS TOLD THAT ITS RESOURCES NEED TO BE MORE EFFECTIVELY MOBILIZED, ITS EXPORTS EXPANDED, AND SYSTEMATIC DEVELOPMENT PLANNING INITIATED. ZAIRE'S PRINCIPAL PROBLEM ACCORDING TO IBRD IS INABILITY TO RAPIDLY EXPAND ITS RESOURCE BASE.

5. MORE SPECIFICALLY, ZAIRE WAS CHASTENED FOR ITS PAST ZAIRIANIZATION AND NATIONALIZATION POLICIES, NEGLECT OF AGRICULTURE, LOPSIDED ECONOMIC GROWTH DEPENDENT ON EXTERNAL FACTORS, POOR INVESTMENT POLICIES AND LACK OF INVESTMENT PLAN, AND INADEQUATE USE OF IBRD PLANNING STAFF IN GOZ DEPARTMENT OF PLAN. IT WAS PRAISED FOR LIMITED OFFICIAL USE

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PAGE 03 PARIS 17472 01 OF 04 141848Z

UNDERTAKING A NEW IMF STABILIZATION PLAN. IBRD STATED THAT ZAIRE'S PROBLEMS WILL CONTINUE FOR SOME TIME TO COME AND THAT SIMULTANEOUS STEPS MUST BE TAKEN TO DEAL WITH IMMEDIATE, MEDIUM AND LONG-TERM PROBLEMS. IN SHORT RUN, ZAIRE MUST GET EXISTING ECONOMIC BASE FUNCTIONING AGAIN. ACCORDING TO IBRD CALCULATION, BASED ON ASSUMPTION OF HIGHER IMPORT-LEVEL REQUIRED, THIS WILL TAKE

SUBSTANTIAL EXTERNAL ASSISTANCE (\$200-\$250 MILLION) IN 1977 BEYOND EXISTING COMMITMENTS. FOR MEDIUM AND LONG-TERM, REDIRECTION OF ECONOMY TOWARD AGRICULTURE, TRANSPORT AND LOCALLY-BASED SMALL INDUSTRY IS ESSENTIAL. NEW INVESTMENT UNDERTAKINGS MUST BE MINIMIZED, DEVELOPMENT PLANNING MUST BE CENTRAL TO COORDINATION OF ALL ACTIVITIES, AND INVESTMENT PRIORITIES REDEFINED. COMMENT: BANK'S STATEMENT THAT ZAIRE FACES RESOURCE GAP OF \$200-\$250 MILLION IN 1977 MAY BE UNREALISTIC. BUT IT DOES EMPHASIZE FACT THAT FULL IMPLEMENTATION OF IMF PLAN WILL LEAVE ZAIRE WITH VERY LOW LEVEL OF INVESTMENT. ZAIRE'S

ECONOMIC DIFFICULTIES WILL NOT BE SOLVED QUICKLY. IT
FACES SEVERE EXTERNAL AND INTERNAL ECONOMIC CONSTRAINTS

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PAGE 01 PARIS 17472 02 OF 04 141857Z
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FOR THE NEXT SEVERAL YEARS. END COMMENT.

6. BOFOSSA BRIEFLY RECOUNTED ZAIRE'S ECONOMIC HISTORY SINCE EARLY 1970'S, CONCLUDING THAT COUNTRY'S CURRENT PROBLEMS ARE DUE IN PART TO LOW COPPER PRICES PLUS UNWISE GOZ POLICIES SUCH AS ZAIRIANIZATION AND, GENERALLY, TO INADEQUATE MANAGEMENT. PERFORMANCE UNDER 1976 STABILIZATION AGREEMENT WAS CHARACTERIZED AS GOOD, EXCEPT FOR PROBLEMS IN AREAS OF BOP AND PUBLIC FINANCE. HE SAID ZAIRE INTENDS TO REORIENT ECONOMIC GOALS ALONG LINE RECOMMENDED BY IBRD, BUT TEMPERED HIS STATEMENT BY INDICATING THAT FORMULATION OF A DEVELOPMENT PLAN IS DIFFICULT FOR YOUNG COUNTRY DUE TO MANY COMPETING PRIORITIES WHICH PREVENT SETTING SHARPLY-DEFINED GOALS. TO BETTER ADDRESS THIS PROBLEM, GOZ RECENTLY UPGRADED SERVICE DU PLAN TO DEPARTMENT STATUS. DEPARTMENT EFFORTS, IN SHORT TERM, ARE TO GATHER BETTER ECONOMIC DATA IN ORDER PREPARE MORE VIABLE ECONOMIC FORECASTS. PLAN WILL PREPARE SURVEY OF NEW AND ONGOING INVESTMENT AND EXTERNAL
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PAGE 02 PARIS 17472 02 OF 04 141857Z

AID REQUIREMENTS, AND ATTEMPT INSURE FX IS BETTER ALLOCATED. NEW POLICIES CONCERNING PRIVATE INVESTMENT ARE BEING PREPARED IN WAKE OF DE-ZAIRIANIZATION. GOZ ALSO PLANNING REHABILITATE VOIE NATIONALE TO INSURE EVACUATION OF GOODS FROM PRIME DEVELOPMENT POLES. FURTHER, GOZ NOW IN PROCESS TAKING STEPS TO UPGRADE MANAGERIAL CAPABILITY. GOZ STRESSED THAT WHILE IT WILL BEGIN IMMEDIATELY SHIFTING ITS DEVELOPMENT STRATEGY, RESULTS IN SHORT RUN WILL NOT BE NOTICEABLE AND WILL BE DIFFICULT TO ATTAIN DUE LACK OF FINANCIAL RESOURCES AND TRAINED MANPOWER. BOFOSSA CONCLUDED BY CALLING FOR A "MARSHALL PLAN" FOR ZAIRE.

7. U.S. DISCUSSION IN GENERAL SESSION RAISED CONCERNS VOICED IN WASHINGTON INTER-AGENCY PREPARATORY REVIEW FOR CG. ZAIRE COMMENDED FOR ITS DETERMINATION TO ATTACK DUAL PROBLEMS OF STABILIZATION AND REDIRECTION OF ECONOMY SIMULTANEOUSLY, AND FOR CANDOR IN RECOGNIZING THAT CURRENT PROBLEMS ARE RESULT OF INTERNAL AS WELL AS EXTERNAL CAUSES. POINT WAS MADE THAT IT IMPORTANT FOR ZAIRE TO HOLD FIRM IN ADDRESSING THESE PROBLEMS, INCLUDING IMPLEMENTATION OF IMF STABILIZATION AGREEMENT, BECAUSE CONTINUED LEVEL OF EXTERNAL ASSISTANCE DEPENDENT UPON DEGREE OF ZAIRE'S SUCCESS IN MEETING IMF AGREEMENT OBJECTIVES. GOZ WAS TOLD THAT REFORMS SUCH AS ELEVATION OF PLANNING OFFICE AND PROPOSED REFORMS INCLUDING UPGRADING LEVEL OF MANAGEMENT AND NEW EMPHASIS ON AGRICULTURE, TRANSPORT, AND LOCAL-BASED INDUSTRY ARE BOLD STEPS IN RIGHT DIRECTION. THESE WILL BENEFIT ALL PEOPLE IN ZAIRE, ESPECIALLY THOSE IN RURAL AREAS. HOPEFULLY RURAL POOR WILL NOW GAIN MORE EQUITABLE SHARE OF RESULTS OF NATIONAL DEVELOPMENT. U.S. SPOKESMAN INDICATED THAT WE ARE INTERESTED IN DISCUSSIONS IN GREATER SUBSTANTIVE DETAIL CONCERNING MANNER THESE ACTIVITIES TO BE IMPLEMENTED. WHILE APPLAUDING ZAIRE'S EXPRESSED COMMITMENT TO REFORM, U.S. INDICATED THAT EVIDENCE OF IMPLEMENTATION

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PAGE 03 PARIS 17472 02 OF 04 141857Z

WAS NOW THE KEY TO DONOR ATTITUDES. FURTHER, U.S. CAUTIONED OF NEED ON PART OF GOZ AND DONORS TO CAREFULLY EVALUATE ALL PROPOSED NEW INVESTMENT TO ENSURE CONSISTENCY WITH NEW POLICY GUIDELINES EMERGING FROM CG MEETING. IMPORTANCE OF CLARIFYING EXTERNAL ASSISTANCE REQUIREMENTS FOR 1978 AND BEYOND, INCLUDING ASSUMPTIONS THEY BASED ON, WAS ALSO STRESSED. U.S. NEXT STATED THAT

IT APPEARED THAT MUCH CAN BE DONE TO FACILITATE ECONOMIC RECOVERY WITHOUT SUBSTANTIAL NEW INVESTMENT BY REHABILITATING ELEMENTS OF THE ECONOMY/INFRASTRUCTURE TO PERFORM AT LEVELS OF EFFICIENCY ACHIEVED IN PREVIOUS YEARS, AND BY OTHER ADMINISTRATIVE EFFICIENCIES SUCH AS FULLER RECOVERY OF UNREPATRIATED EARNINGS. U.S. CONCLUDED BY POINTING OUT THAT AVAILABLE STATISTICS INDICATE SIGNIFICANT UNUSED ECONOMIC CAPACITY EXISTS IN ZAIRE DUE TO SHORTAGES FOREIGN EXCHANGE TO FINANCE ESSENTIAL SPARE PARTS AND OTHER MATERIALS, AND THAT IT THEREFORE APPEARS NECESSARY FOR NEXT SEVERAL YEARS TO PROVIDE PROGRAM ASSISTANCE UNTIL COUNTRY CAN GET ON ITS FEET ECONOMICALLY. DONORS WERE URGED TO CONSIDER PROGRAM ASSISTANCE EVEN THOUGH IT IS NOT MOST WIDELY PREFERRED FORM. IN EVENT DONORS COULD NOT PROVIDE SUCH ASSISTANCE, THEY WERE ASKED TO CONSIDER ALTERNATIVE MEANS OF SPECIAL AID SUCH AS SHOULDERING MAJOR PORTION OF LOCAL PROJECT COSTS.

8. BILATERAL DISCUSSION: U.S. DEL MET WITH FINANCE COMMISSIONER BOFOSSA AND SIX OF HIS COLLEAGUES FOR ONE-HOUR BILATERAL MEETING ON JUNE 9. AFTER EXCHANGE OF COURTESIES, U.S. DEL NORTH OPENED WITH SUMMARY OUTLINE OF USG

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PAGE 01 PARIS 17472 03 OF 04 141848Z
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LIMITED OFFICIAL USE SECTION 03 OF 04 PARIS 17472

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VIEWS OF CONSULTATIVE GROUP MEETING AND ASSISTANCE TO ZAIRE. REITERATING MAJOR POINTS MADE IN OPEN SESSION, WITH PARTICULAR EMPHASIS ON NEED TO COORDINATE DONOR ASSISTANCE AND ZAIRIAN PLANS IN OVERALL CONTEXT OF IMF STABILIZATION PROGRAM, HE REVIEWED FOR BOFOSSA CURRENT USG ATTITUDE. MAJOR POINTS WERE IMPORTANCE OF STABILIZATION PROGRAM, NECESSITY FOR GOZ REORIENTATION OF DEVELOPMENT AND INVESTMENT POLICIES ALONG LINES RECOMMENDED BY IBRD, NEED TO ENSURE THAT PLANS BE DESIGNED TO MEET ECONOMIC AND SOCIAL NEEDS OF BROAD MASS OF POPULATION, PARTICULARLY IN RURAL AREAS, AND IMPORTANCE OF HUMAN RIGHTS DEVELOPMENTS IN DETERMINING USG ABILITIES TO BE RESPONSIVE TO ZAIRE'S NEEDS. NORTH CONCLUDED REMARKS BY DESCRIBING ADMINISTRATION REQUESTS TO CONGRESS FOR FY 1978 ECONOMIC ASSISTANCE AND EXPRESSING USG INTENTION TO CONTINUE TO ACTIVELY PARTICIPATE IN ZAIRIAN DEVELOPMENT IN PURSUIT OF OUR MUTUAL GOAL OF WELL-PLANNED AND WELL-MANAGED SOCIAL AND ECONOMIC DEVELOPMENT. FINALLY, NOTED NEED FOR MORE AND BETTER ECONOMIC AND FISCAL DATA.

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PAGE 02 PARIS 17472 03 OF 04 141848Z

9. BOFOSSA FOLLOWED WITH OBVIOUSLY PREPARED STATEMENT. POINTS MADE WITH ALMOST BRUTAL FRANKNESS WERE: GOZ FULLY ADMITS ITS OWN RESPONSIBILITY FOR CURRENT ECONOMIC PROBLEM; GOZ HAS BEGUN MEANINGFUL REFORM OF INSTITUTIONS AND, MORE IMPORTANT, OF ATTITUDES; RESULTS WILL OF COURSE TAKE TIME BUT ZAIRE'S FRIENDS SUCH AS USG MAY EXPECT TO SEE SIGNIFICANT RESULTS IN MEDIUM TERM; GOZ APPRECIATES HELPFUL ATTITUDE OF USG; AND FINALLY, GOZ EXPECTS NECESSARY EXTERNAL ASSISTANCE WILL BE FORTHCOMING AT LEVEL HIGHER THAN IN PAST AS GOVERNMENT DEMONSTRATES NEW, SERIOUS, CONSTRUCTIVE, AND RESPONSIBLE ATTITUDE AND PERFORMANCE. BOFOSSA'S EXPRESSION OF APPRECIATION FOR U.S. ASSISTANCE AND FRIENDSHIP WAS FORCEFULLY STATED. U.S. DEL MEMBERS WERE STRUCK BY UNEQUIVOCAL CHARACTER OF BOFOSSA'S FORMAL MEA CULPA FOR PAST ECONOMIC POLICY. HE MADE NO REPEAT NO REFERENCE TO USUAL ZAIRIAN EXPLANATION OF EXOGENOUS FACTORS (E.G., COPPER PRICES), BUT RATHER, SPEAKING DELIBERATELY IN PRESENCE OF OTHER SENIOR GOZ OFFICIALS, STATED THAT GOZ FULLY ACCEPTED RESPONSIBILITY FOR CURRENT ECONOMIC PROBLEMS. HE CONCLUDED BY EXPRESSING UNDERSTANDING OF NORTH'S REFERENCE TO SKEPTICAL ATTITUDES IN CERTAIN AMERICAN CIRCLES REGARDING GOZ POLICIES AND EARNESTLY REQUESTED THAT U.S. DEL ASSURE RESPONSIBLE AMERICANS THAT GOZ IS NOW FIRMLY COMMITTED TO SOCIAL AND ECONOMIC REFORM.

10. SECTOR DISCUSSIONS: IBRD REPRESENTATIVE BEGAN MORNING SESSION OF SECOND DAY WITH SUMMARY OF AGRICULTURAL

SECTOR. HE STATED ASSISTANCE TO AGRICULTURE NEEDED TO:
(A) MEET BASIC NUTRITION NEEDS OF BOTH URBAN AND RURAL
POPULATION; (B) EXPAND PRODUCTION OF NON-FOOD PRODUCTS TO
MEET INTERNAL NEEDS AND EARN FX THROUGH EXPORT OF SUR-
PLUSES; AND (C) REHABILITATE ONCE PRODUCTIVE PLANTATION
SECTOR AS MEANS OF RAPID EXPORT DIVERSIFICATION. ZAIRE
IS CURRENTLY UNABLE TO ACHIEVE PRECEEDING BECAUSE OF NUM-
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PAGE 03 PARIS 17472 03 OF 04 141848Z

EROUS PROBLEMS, INCLUDING (A) POOR STATE OF TRANSPORTA-
TION, ESPECIALLY SECONDARY ROADS, WHICH RESULTS IN BOTH
UNRELIABLE AND EXPENSIVE SHIPPING COSTS, (B) LACK OF
TRAINED PERSONNEL FOR EXTENSION AND ADAPTATION RESEARCH
LEADING TO CONTINUED RELIANCE ON EXPATRIATES, (C) WEAK
INSTITUTIONAL STRUCTURE IN SECTOR DUE TO LACK OF STAFF,
INADEQUATE ADMINISTRATION AND DECISION/POLICY MAKING
SKILLS, (D) DETERIORATING FACILITIES, (E) UNCERTAIN
INVESTMENT CLIMATE RESULTING IN DECLINING INVESTMENTS IN
PRIVATE SECTOR, (F) PRICE POLICY WHICH FAVORS CONSUMERS
RATHER THAN PRODUCERS, COUPLED WITH TAX STRUCTURE MAKING
USE OF IMPROVED INPUTS, E.G. IMPROVED SEEDS, FERTILIZER
AND INSECTICIDES ATTRACTIVE ONLY TO LARGE PRODUCERS, (G)
GOZ PUBLIC INVESTMENT POLICY THAT HAS NOT MATCHED IN
FUNDING ITS STATEMENTS THAT AGRICULTURE IS THE PRIORITY
DEVELOPMENT SECTOR, AND (H) AN UNDERDEVELOPED MARKETING
INFRASTRUCTURE. GOZ MUST CHANGE AGRICULTURAL POLICIES
TO BE MORE SUPPORTIVE OF DEVELOPMENT OF SECTOR, REHABIL-
ITATE EXISTING INFRASTRUCTURES, AND BEGIN MEDIUM AND
LONG-TERM INVESTMENT TO INCREASE PRODUCTION, THEREBY IM-
PROVING LIFE FOR MAJORITY OF ZAIRIANS WHO REMAIN CONCEN-
TRATED IN RURAL AREAS.

11. GOZ MIN AGRICULTURE MUKENDI FOLLOWED WITH PRESENTA-
TION OF GOZ'S NEW VIEW OF SECTOR. GOZ SEES PRIORITIES
AS FOOD CROPS AND ANIMAL HUSBANDRY, FOLLOWED BY AGRO-
INDUSTRY. CONCENTRATION OF GOZ'S ACTIVITIES IS PRINCI-
PALLY IN AN AREA SOUTH OF EQUATOR ESPECIALLY NEAR TRANS-
PORTATION LINES IN AREA BETWEEN MATADI AND LUMBUMBASHI.

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PAGE 01 PARIS 17472 04 OF 04 141856Z

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GOZ ASSISTANCE IS PROVIDED TO PEASANT FARMERS WHO ARE JOINED INTO COLLECTIVES FOR INTEGRATED RURAL DEVELOPMENT PROJECTS WHICH INCLUDE INFRASTRUCTURE IMPROVEMENTS, MEDIUM FARMERS (UP TO 200 HA.) WHO RECEIVE TECHNICAL AND FINANCIAL ASSISTANCE, AND LARGE MECHANIZED FARMERS. IN FOOD CROP AREA EMPHASIS IS ON CORN AND RICE FOR WHICH THERE ARE SPECIFIC, DISCRETE PROJECTS AND MANIOC, SOY-BEANS AND GROUNDNUTS FOR WHICH PROJECTS DO NOT EXIST. ALTHOUGH ZAIRE DOES NOT HAVE HERDING TRADITION, GOZ SEEKS TO INCREASE VETERINARY SERVICES TO SMALL HERDS TO CONTROL DISEASE AND INCREASE PRODUCTION IN ORDER TO CLOSE, AND EVENTUALLY ELIMINATE, PROTEIN GAP. TECHNICAL ASSISTANCE IN BREEDING IS NEEDED. T.A. ALSO NEEDED FOR DEVELOPMENT OF AGRI-INDUSTRY.

12. CANADA, BECAUSE OF ITS CURRENT LEADING ROLE IN ASSISTANCE TO FORESTRY SECTOR, PRESENTED REPORT ON THIS SECTOR. EMPHASIS WAS ON IMPROVEMENT OF ZAIRE'S FOREST MANAGEMENT ABILITY TO INSURE ZAIRE'S FOREST RESOURCES, LIMITED OFFICIAL USE

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PAGE 02 PARIS 17472 04 OF 04 141856Z

15 OF WORLD TOTAL AND 50 OF AFRICA'S TOTAL, REMAIN INTACT.

13. IBRD BEGAN REVIEW OF TRANSPORTATION SECTOR WITH DISCUSSION OF GEOGRAPHY OF ZAIRE AND DISTANCE BETWEEN PRODUCTION AREAS AND PORTS. REPRESENTATIVE STRESSED INTERDEPENDENCE OF RAIL AND WATER NETWORKS AND NUMBER OF TRANSHIPMENTS REQUIRED FOR LONG DISTANCE TRANSPORT. ROADS ARE CHIEFLY LOCAL ACCESS AND FEEDER TO RAIL/WATER NETWORK. BASIC INFRASTRUCTURE EXISTS BUT FACILITIES HAVE DETERIORATED. REPRESENTATIVE EXPRESSED OPINION THAT ASSISTANCE

FUNDS SHOULD GO TO MAINTENANCE AND IMPROVEMENT OF EXISTING FACILITIES. CURRENT FACILITIES OPERATE WELL BELOW CAPACITY BUT SITUATION WILL IMPROVE AS ECONOMY RECOVERS. GOZ REPRESENTATIVE STATED PROBLEM WAS RECOGNIZED AND THAT PRIORITY ATTENTION WAS BEING GIVEN TO REHABILITATION OF VOIE NATIONALE.

14. U.S. DEL AGREED SECTORS WHICH DISCUSSED ARE IMPORTANT AND TO IMPROVEMENT AND DIVERSIFICATION OF ZAIRE'S ECONOMY. THESE SECTORS ALSO AFFECT MOST OF PEOPLE IN ZAIRE. U.S. RE-EMPHASIZED NEED TO ENSURE MAJORITY OF POPULATION PARTICIPATE IN BENEFITS OF DEVELOPMENT. U.S. DELEGATE EMPHASIZED NEED FOR CONTINUED COORDINATION IN THESE AREAS AND SUGGESTED SUBSEQUENT MEETING TO ADDRESS IN MORE DETAIL QUESTION OF AGRICULTURAL DEVELOPMENT, ALBEIT IN BROADLY DEFINED TERMS. DEL SUGGESTED SUB-GROUP OF CG MEET WITHIN 6-8 MONTHS TO REVIEW GOZ ACTIONS AND CONSIDER IMMEDIATE STEPS GOZ AND DONORS COULD TAKE. U.S. OFFERED \$500,000 TO FINANCE AGRICULTURAL SECTOR STUDIES REQUIRED AS PART OF THIS EFFORT. IBRD, GOZ, C.E.C., GERMANY, UNDP, CANADA, BAD, BELGIUM, ITALY AND FRANCE AGREED WITH U.S. PROPOSAL FOR FURTHER WORKING MEETING. IBRD AND GOZ WILL WORK OUT DETAILS OF SUB-GROUP MEETING. GERMANY, UNDP, BELGIUM AND C.E.C. ALSO SUGGESTED TRANSPORT AND OTHER SECTORS FOR SIMILAR FOLLOW-UP SEMINAR. LIMITED OFFICIAL USE

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PAGE 03 PARIS 17472 04 OF 04 141856Z

SIONS, ALTHOUGH NO SPECIFIC ACTIONS WERE AGREED.

15. SEVERAL DELEGATIONS MENTIONED THEY WERE IMPRESSED WITH CALIBRE OF GOZ DELEGATES AND THEIR SUBMISSIONS. MEETING WAS CHARACTERIZED BY FRANK DISCUSSIONS OF ZAIRE'S PROBLEMS, ADMISSION BY GOZ OF ITS PAST MISTAKES AND ASSURANCES THAT GOVERNMENT RECOGNIZED NEED TO IMPROVE ITS PERFORMANCE.

16. IBRD ARRANGED SEPARATE MEETING ON PROGRAM ASSISTANCE WITH REPS. OF JAPAN, FRANCE, GERMANY, BELGIUM, CANADA AND CEC. MEETING PROVIDED OPPORTUNITY EMPHASIZE IMPORTANCE THIS FORM ASSISTANCE IN SHORT TERM AND NEED FOR INFORMAL CONSULTATIONS TO ENSURE EFFICIENT ALLOCATION CONSISTENT WITH GOZ/IBRD INVESTMENT GUIDELINES.

17. SMTF: GOZ DID NOT REPEAT NOT RAISE SMTF COPPER PROJECT AT MEETING OR WITH US DEL. IBRD DID RECEIVE BOFOSSA'S LETTER (KINSHASA 5299) AND MADE ONLY VAGUE GENERAL REPLY IN PRIVATE CONVERSATION WITH BOFOSSA. IBRD "UNENTHUSIASTIC" POSITION TOWARD SMTF, AS EXPLAINED PRIVATELY TO US DEL, IS THAT BANK WILL BE PREPARED TO CONSIDER PARTICIPATION IN PROJECT WHEN NECESSARY ECONOMIC

AND FINANCIAL FEASIBILITY STUDIES, IN CONTEXT OF OVERALL
ZAIRIAN DEVELOPMENT PRIORITIES, HAVE BEEN COMPLETED.
(QUESTION OF WHO WILL PREPARE SUCH STUDIES LEFT OPEN:
BANK DID NOT OFFER TO DO SO.)
KATZ

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